



Calhoun: The NPS Institutional Archive

DSpace Repository

Theses and Dissertations

1. Thesis and Dissertation Collection, all items

1995-09

Influences on the international affairs and defense budgets

Teske, Deborah O.

Monterey, California. Naval Postgraduate School

<http://hdl.handle.net/10945/35039>

This publication is a work of the U.S. Government as defined in Title 17, United States Code, Section 101. Copyright protection is not available for this work in the United States.

Downloaded from NPS Archive: Calhoun



<http://www.nps.edu/library>

Calhoun is the Naval Postgraduate School's public access digital repository for research materials and institutional publications created by the NPS community.

Calhoun is named for Professor of Mathematics Guy K. Calhoun, NPS's first appointed -- and published -- scholarly author.

Dudley Knox Library / Naval Postgraduate School
411 Dyer Road / 1 University Circle
Monterey, California USA 93943

NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA



THESIS

**INFLUENCES ON THE
INTERNATIONAL AFFAIRS AND DEFENSE
BUDGETS**

by

Deborah O. Teske

September, 1995

Thesis Advisors:

Paul Stockton
Dana Eyre

19960304 075

Approved for public release; distribution is unlimited.

REPORT DOCUMENTATION PAGE

Form Approved OMB

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington DC 20503.

1. AGENCY USE ONLY (<i>Leave blank</i>)	2. REPORT DATE	3. REPORT TYPE AND DATES COVERED	
	September 1995	Master's Thesis	
4. TITLE AND SUBTITLE INFLUENCES ON THE INTERNATIONAL AFFAIRS AND DEFENSE BUDGETS		5. FUNDING NUMBERS	
6. AUTHOR(S) LT Deborah O. Teske, USN			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey CA 93943-5000		8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)		10. SPONSORING/MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.			
12a. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution is unlimited.		12b. DISTRIBUTION CODE	
13. ABSTRACT (<i>maximum 200 words</i>) This thesis addresses the relative influence that public opinion and the current international situation have on the two portions of the budget dealing with national security: the defense and international affairs budgets. The purpose of the thesis is to evaluate the correlation between the two budgets and explain any variations. The hypothesis of the thesis is that international affairs budget is driven more by economic concerns of the nation and the defense budget is driven more by the national perception of the current international situation and of the external threats to the United States. This thesis also examines the debate over the influence of public opinion on public policy. It tests the assumption that public opinion influences the direction of policy, specifically the national security budget. A time-series regression analysis is run using the percentage of the total budget allocated to defense and international affairs budgets as two dependent variables. The independent variables included: the University of Michigan's Consumer Sentiment Index to measure the public's perception of the economy, several Gallup Poll questions to measure the public's perception of the nation's focus and perception of the international situation, and two measures (international tension and war) of the actual international situation. The conclusion of the study finds that public opinion does play an important role in the national security budget. The defense budget is clearly influenced by the public's concern over foreign issues as well as the measure of international tension and the state of war. The international affairs budget is affected by these variables (excluding war) to a slightly lesser extent. The effect of the public's economic outlook was similar on both dependent variables.			
14. SUBJECT TERMS Budget, Department of Defense, International Affairs, Public Opinion		15. NUMBER OF PAGES * 64	
		16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UL

Approved for public release; distribution is unlimited.

**INFLUENCES
ON THE
INTERNATIONAL AFFAIRS
AND DEFENSE BUDGETS**

Deborah O. Teske
Lieutenant, United States Navy
B.A., State University of New York, 1982

Submitted in partial fulfillment
of the requirements for the degree of

MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS

from the

**NAVAL POSTGRADUATE SCHOOL
Sentember 1995**

Author:

Deborah O. Teske

Approved by:

Paul N. Stockton, Thesis Advisor

Dana P. Eyre, Co-Advisor

Frank M. Teti, Chairman
Department of National Security Affairs

ABSTRACT

This thesis addresses the relative influence that public opinion and the current international situation have on the two portions of the budget dealing with national security: the defense and international affairs budgets. The purpose of the thesis is to evaluate the correlation between the two budgets and explain any variations. The hypothesis of the thesis is that international affairs budget is driven more by economic concerns of the nation and the defense budget is driven more by the national perception of the current international situation and of the external threats to the United States. This thesis also examines the debate over the influence of public opinion on public policy. It tests the assumption that public opinion influences the direction of policy, specifically the national security budget.

A time-series regression analysis is run using the percentage of the total budget allocated to defense and international affairs budgets as two dependent variables. The independent variables included: the University of Michigan's Consumer Sentiment Index to measure the public's perception of the economy, several Gallup Poll questions to measure the public's perception of the nation's focus and perception of the international situation, and two measures (international tension and war) of the actual international situation.

The conclusion of the study finds that public opinion does play an important role in the national security budget. The defense budget is clearly influenced by the public's concern over foreign issues as well as the measure of international tension and the state of war. The international affairs budget is affected by these variables (excluding war) to a slightly lesser extent. The effect of the public's economic outlook was similar on both dependent variables.

TABLE OF CONTENTS

I. INTRODUCTION	1
A. HYPOTHESIS	1
B. METHODOLOGY	4
1. Dependent Variables	4
2. Independent Variables	5
C. ASSUMPTIONS	7
II. PUBLIC OPINION AND PUBLIC POLICY	9
A. PURPOSE	9
B. GENERAL THEORETICAL STUDIES	9
C. NATIONAL SECURITY ISSUES AND PUBLIC OPINION	13
1. Public Opinion and Defense Spending	15
D. PUBLIC OPINION'S INFLUENCE IN NATIONAL SECURITY AND FOREIGN POLICY	16
1. Background	16
2. Changes in Political Climate from W.W.I to the 1950s	17
3. Changes in Political Climate Since the 1960s	18
E. INFERENCES	19
III. DATA SOURCES AND DESCRIPTIONS	21
A. DEPENDENT VARIABLES	21
B. INDEPENDENT VARIABLES	22
IV. OUTCOME OF THE ANALYSIS	25
V. CONCLUSIONS	29
APPENDIX A. DATA TABLES	31
APPENDIX B. REGRESSION ANALYSIS RESULTS	39
LIST OF REFERENCES	49
INITIAL DISTRIBUTION LIST	51

EXECUTIVE SUMMARY

The national security agenda of the United States is not derived solely through an objective examination of the threat and a determination of the policies and military forces needed to counter that perceived danger. One of the main constraints on the national security policy is the size of the budget. Therefore, the influences on the budget must be factored into any strategic plan for national security. Since most of the national security budget is contained in the Department of Defense and the Department of State (International Affairs) functions listed in the budget, this thesis examines the driving factors behind the overall budget policy decisions regarding these budgets.

With the growth of the nondiscretionary portion of the budget, discretionary funds are harder hit by pressure to cut the budget. The U. S. government's budget is an expression of priorities. The money allotted to a function shows the importance assigned to that aspect of the budget. The importance placed on national security by the nation is reflected in the funds allotted to the international affairs and national defense portion of the budget. Generally, the national defense and international affairs portions of the budget increase and decrease together; however, this is not always the case. This thesis examines how closely the defense and international affairs budgets correlate and proposes viable reasons for the differences that do occur.

The budget process for both functions is similar in many respects. Their budget requests from the executive branch are founded on similar presumptions regarding the international environment and how that relates to U.S. security concerns and potential threats (as delineated by the President). The Congress also makes budget decisions based on its interpretation of the nation's concern over security threats. The final national security budget appropriated is driven by a number of factors including: (1) concerns regarding the direction or health of the national economy mobilizing a call for government action; (2) the general focus of the decision-makers and the voters on domestic or foreign issues; and (3) foreign policy outlook of the decision-makers and the voters, i.e., isolationist vs. internationalist.

In seeking to explain different changes in the international affairs budget and the defense budget, this thesis postulates that international affairs budget is driven more by economic concerns of the nation and the defense budget is driven more by the national perception of the current international situation and of the external threats to the United States. The international affairs budget should be affected more by the state of the economy because Congress finds it difficult to approve programs that send U.S. tax dollars overseas during periods of economic hardship at home. The defense budget is easier to defend than foreign aid in a fiscally tight Congress because of the direct correlation between cuts in military expenditures (especially personnel and large contracts) and increased unemployment. Increases in the military budget usually are usually defended by addressing the perception of threat and the importance of foreign policy issues.

Part of the hypothesis studied in this thesis is the influence of public opinion on policy. Public opinion's affect on policy decisions has been debated through the years. This thesis seeks to prove that public opinion does affect the final outcome of the budget.

The results confirm most of the hypotheses of this thesis. Public opinion does play a significant role in the priority given to the national security budget. The defense budget is clearly influenced by the nation's focus on foreign problems and the current international situation. The international affairs budget is also affected by the nation's focus on foreign issues (to a slightly lesser extent) and the current international situation. The public's concern about the economy did effect the national security budget, however, the data did not show any significant difference between its impact on the defense and the international affairs portions of the budget.

Many studies had previously addressed the influences that the international situation had on the defense budget. This thesis shows that the defense budget is affected by changes in the international situation more than the international affairs budget. This influence is not simply derived from an assessment of the threat from the Soviet Union (i.e., Soviet military spending) as previous studies have shown. There is a strong influence from a general tensions worldwide. This may help to provide a basis for estimating future

budgets in this post cold war era where the threat from the old arch enemy, the Soviet Union, is no more.

The effect of public opinion on the defense budget is strong, especially beginning in the late 1960s to present day. The nation's focus on foreign issues, the concern about the economy, and to a lesser extent the view of the U.S. role in world affairs contributes to the priority given to defense matters in the budget. These issues should be addressed by the Department of Defense in its public affairs policies and statements in order to increase support for defense spending.

I. INTRODUCTION

The national security agenda of a nation, especially a democracy, is not derived solely through an objective examination of the threat and a determination of the policies and forces needed to counter that perceived danger. Budgetary constraints affect security policymaking. This thesis examines how public opinion and perceptions of the international security environment affect the size of the U.S. national security budget, including the Department of Defense (national defense) and the Department of State (international affairs) functions of the budget.

This thesis argues that defense and foreign assistance (a major portion of the international affairs budget) often compete for the same small pot of money. With the domestic nondiscretionary (i.e., entitlement) portion of the budget increasing, the discretionary funds are hit harder by pressure to cut the budget, further intensifying this competition. Defense and foreign assistance accounts usually rise and fall in tandem. This is not always the case, however. Using regression analysis of the budget and polling data in the opst-World War II era, I found that the defense budget is more sensitive than international affairs to the nation's concern about foreign issues. While other studies have shown that perceptions of the Soviet threat were a critical factor in driving defense budgets, my study shows that more general international security concerns were also significant. The importance of these non-Soviet concerns in affecting the amount of defense spending, and the budgetary significance of public opinion in general carry vital implications for the post-cold war era.

A. HYPOTHESIS

The international affairs and defense functions of the budget compete for funding not only because they are both discretionary funds, but because many on Capitol Hill view them as serving very similar purposes as noted in a recent Congressional Budget Office study:

Because this study's options are premised on the notion that foreign aid can serve some of the same goals as the Department of Defense, any increases in foreign assistance would be financed by reductions in spending for lower-priority aid programs and *traditional military programs*. {Emphasis added} (April 1994 C.B.O. Study, p. xii.)

This competition for funding is not only driven by rational analysis, but by politics. Wildavsky offers the classic argument for the budget as a political process, and as the ratification of policy priorities:

If politics is regarded in part as conflict over whose preferences shall prevail in the determination of national policy, then the budget records the outcomes of this struggle. If one asks, "Who gets what the government has to give?" then the answers for a moment in time are recorded in the budget. If one looks at politics as a process by which the government mobilizes resources to meet pressing problems. Then the budget is a focus of these efforts. (Aaron Wildavsky, 1984, p. 4)

The importance placed on national security by the nation is reflected in the funds allotted to the international affairs and national defense portion of the budget. The budget process for both functions is similar in many respects. Their budget requests from the executive branch are founded on similar presumptions regarding the international environment and how that relates to U.S. security concerns and potential threats (as delineated by the President). The Congress also makes budget decisions based on its interpretation of the nation's concern over security threats. They must pass through similar bureaucratic budget processes and decision-making procedures regarding funding. All discretionary functions are constrained by a perceived total budget ceiling (a size limit for the budget which if surpassed would have detrimental effects on the economy.) The final budget appropriated is driven by a number of factors:

- * concerns regarding the direction or health of the national economy that may drive a call for government deficit reduction or stimulating the economy through increased government spending;
- * general focus of the decision-makers and the voters on domestic or foreign issues;

- * foreign policy outlook of the decision-makers and the voters, i.e., isolationist vs. internationalist and;
- * special interest lobbying, (the national security portion of the budget is affected by the lobbying of defense contractors and the advocates for support to other countries).

Generally, these forces cause the national defense and international affairs portions of the budget to increase and decrease together; however, this is not always the case. This thesis examines how closely the defense and international affairs budgets correlate and proposes viable reasons for the differences that do occur.

The U. S. government's budget is an expression of priorities. The money allotted to a function shows the importance assigned to that aspect of the budget. As Charles Schultze states, "The annual budget is a package of the most important and comprehensive decisions on priorities which the society makes in the course of a year." (Benson and Wolman, 1971, p. 4) This overall total is a representation of the combined priorities of the government officials involved which in turn are affected by the desires of the general public. (Chapter II gives a theoretical support for this assumption.)

My hypothesis is that international affairs budget is driven more by economic concerns of the nation and the defense budget is driven more by the national perception of the current international situation and of the external threats to the United States.

The international affairs budget should be affected more by the state of the economy because Congress finds it difficult to approve programs that send U.S. tax dollars overseas during periods of economic hardship at home. In an atmosphere of budget cuts, the State Department has a very hard time defending budget line items to be sent to other nations while cuts are being taken in domestic programs. (The foreign aid portion of the international affairs budget ranges from two-thirds to four-fifths of the total.)

The defense budget is easier to defend than foreign aid in a fiscally tight Congress because of the direct correlation between cuts in military expenditures (especially personnel and large contracts) and increased unemployment. Increases in the military

budget usually correspond to the perception of threat and the importance of foreign policy issues. For example, the Reagan administration tied its requests for a drastic rise in defense spending to what it called the security "gap" with the Soviets.

Part of the hypothesis studied in this thesis is the influence of public opinion on policy. Public opinion's affect on policy decisions has been debated through the years. This thesis seeks to prove that public opinion does affect the final outcome of the budget.

B. METHODOLOGY

This thesis studies the influences on the defense and international affairs budgets by using a time series regression. The regression was run using Eviews, MicroTSP for Windows, a program published by Quantitative Micro Software.

1. Dependent Variables

In the regression analysis, the dependent variables are the post W.W.II budgets listed under the budget functions of national defense (function code 050) and international affairs (function code 150) as listed in the Historical Tables: Budget of the United States Government Fiscal Year 1996 collated by the Office of Management and Budget (OMB) as part of the annual budget submission to Congress. Using this breakdown by code ensures the closest consistency possible in the data used. The post W.W.II period was chosen because this time was the beginning of the first significant international assistance given by the United States. Using the 1995 OMB publication as a sole source of the budget data provides for consistent data collection, and decreases the likelihood of errors affecting the analysis.

2. Independent Variables

The three main independent variables used in this study are the nation's economic concerns, the nation's focus, and the international situation. The primary measure for each of these variables is polling data. The final decisions about the budget are made by elected officials who are influenced by their own views and perceptions of the direction of public opinion. Polls are one of the major indicators of these perceptions. (See Chapter II for a further explanation of the linkage between policy and public opinion.)

The first independent variable included in this study is the nation's perception of the current state of the economy. This variable measures the pressure on elected officials to modify the budget and thereby adjust the national economy. After the massive spending of W.W.II pulled the U.S. out of the Great Depression, the view of the role of government in the economy changed. A strong and active government was viewed as a necessity in order to balance the economy, especially unemployment and inflation. This pressure for government to take responsibility for the state of the economy dominated most of the period being studied. Thomas Lynch even states, "in the mid-1960s and 1970s, economic theory guided some of our most significant government decisions." (Lynch, 1990, p. 25) National perceptions vice actual economic data are used because the budget is based on people's reactions to economic conditions and not calculated directly from statistics. The importance of government officials paying more attention to the perceptions of their constituents than actual economic statistics can be seen in the severe dive that President Bush took in popularity when the nation felt that the economy was headed for a recession and the president did not act because his advisors said the numbers didn't support such a belief. If the nation is concerned about the state of the economy, it pressures lawmakers to make changes in the budget to improve the economy. The public opinion about the state of the economy is an indication of the amount of pressure on Congress and the President to adjust the budget.

The second independent variable, the country's focus, represents the issues that the nation feels should receive the highest priority. Budget items are especially affected by the perceived priority given to the project. The higher the perceived importance of the proposal the more likely it is to be funded. When international issues are perceived as the highest priority, national defense and international affairs should receive a higher portion of the budget.

The polling question used to represent the nation's focus is "What is the most important problem facing the nation today?" The answers are separated into three different categories: national security issues, economic issues, and miscellaneous. (A further description can be found in Chapter III.) Attention to national security issues indicates that they are considered to be a priority and should lead to increased spending on national security budget items.

The third independent variable is the perception of the international system. This variable is more difficult to measure. Polling data regarding the peaceful or troubled nature of the international scene and the perceptions of the U.S. role in world affairs are analyzed. These polling questions were not asked each year of this study, so two additional objective measures are used. The level of international tension based on a measure used for a previous study and U.S. participation in a war are coded for each year. (See Chapter III for further details.) These measures represent the actual international situation at the time of the budget debate.

The perception of the international situation as troubled or peaceful affects the priority given to protection at home (military spending) and reducing threats abroad. The link between the perception of threat and the international affairs budget is less clear. The perception of the role of the U.S. in world affairs shows the strength of the internationalist focus and should influence the priority given to defense and international affairs.

The effect of election year politics and party influence is also considered as a possible explanation for the variance in the data.

Overall, international affairs should be effected more by economic concerns at home and defense should be influenced more by the current international situation and the nation's focus. Party should have no appreciable influence.

There are other influences on the budget process. This study assumes that these influences are either close to being equal from year to year like lobbyist pressure or equal on both the military and international affairs budget like the Gramm-Rudman Act.

C. ASSUMPTIONS

The first assumption of this thesis is that there is a limited budget and that departments do not automatically get what is requested. There are constraints and decisions that must be made regarding where money will be spent.

The second assumption is that public opinion polls are an accurate reflection of the constituent influences on the federal government and that Congress and the President have access to and are knowledgeable of the results of these polls.

II. PUBLIC OPINION AND PUBLIC POLICY

A. PURPOSE

This chapter establishes a link between public opinion and public policy. The budget is one of the most important elements of public policy decided each year. If policy is affected by the opinion of constituents, then the budget must also be affected by this pressure.

B. GENERAL THEORETICAL STUDIES

The most commonly referred to study that establishes a link between elected officials and constituents was conducted by Warren E. Miller and Donald E. Stokes of the University of Michigan in 1963. (Miller and Stokes, 1963, pp. 45-56) Miller and Stokes compared the policy preferences of constituents and congressional Representatives of 116 districts in three areas: social welfare, foreign affairs, and civil rights. This study postulates that the relationship between constituent attitude and the Representative's roll call behavior is shown in Figure 1.

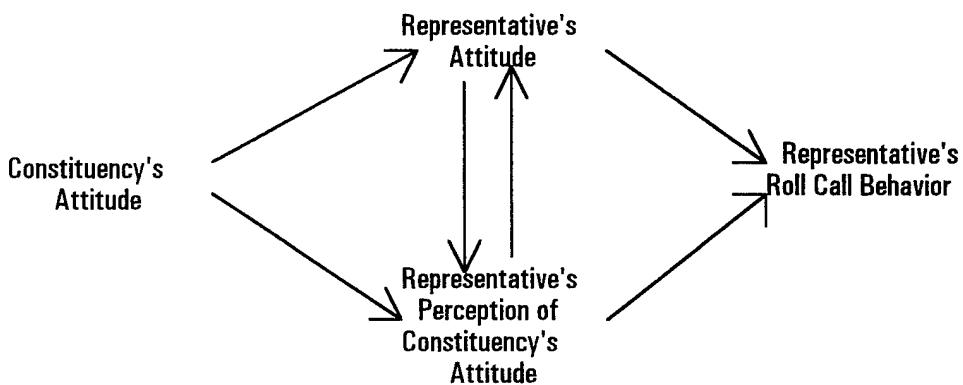


Figure 1. Model of Constituency Influence by Miller and Stokes

Miller and Stokes state there are two ways which constituencies can influence policy. First, since the Representative is chosen from the local area, the Representative will hold some of the same policy values as the local population. The voters elect a candidate who espouses views that agree with the constituency's will. Second, after elected, the Representative may take into account the preferences and view of his or her constituency in order to win re-election.

This study concludes, "Our evidence shows that the Representative's roll call behavior is strongly influenced by his own policy preferences and by his perceptions of preferences held by the constituency." (Miller and Stokes, 1963, p. 56)

In 1966, Charles F. Cnudle and Donald J. McCrone published a study that refined Miller and Stokes model. (Cnudle and McCrone, pp. 66-72) This modification is shown in Figure 2 and discounts the importance of the link between the views of the constituents and the personal views of the Representatives they elect to office.

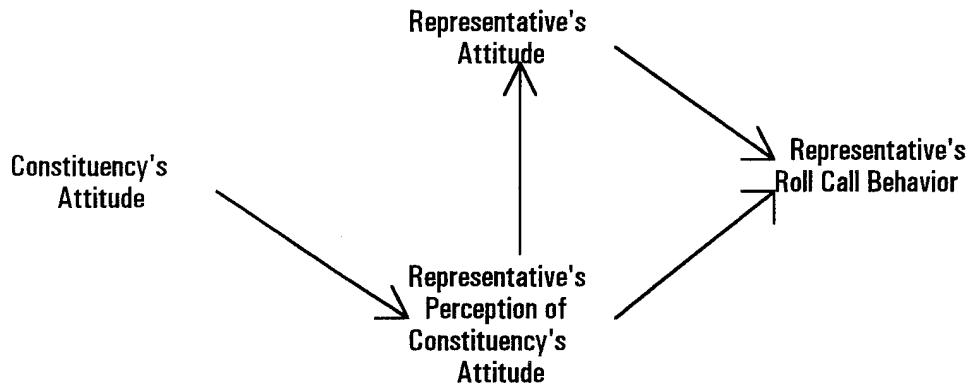


Figure 2. Model of Constituency Influence by Cnudle and McCrone

This study states that the constituency's influence in the roll call voting is mainly through the Representative's perceptions of the constituency's attitude. "Congressmen vote their constituencies' attitudes (as they perceive them) with a mind to the next election." (Cnudle and McCrone, p. 69) Their conclusions are:

1. The lack of a direct link between congressmen's attitudes and district attitudes indicates that elite recruitment is not the basis for constituency control.
2. Unlike the private citizen, the Congressman does not distort his perceptions to coincide with his own attitudes. Because the costs of misperceiving

are so high for an elected official, his perceptions are likely to cause him to modify his attitudes to fit his reasonably accurate perceptions.

3. The overwhelmingly important impact of Congressmen's perceptions in linking mass attitudes to policy-making as indicated by Miller and Stokes, is confirmed.

4. The relative importance of the indirect impact of perception through congressional attitudes was underestimated in the original study. (Cnudle and McCrone, pp. 71 and 72)

If Cnudle and McCrone's conclusions are correct then polling data as a representation of public opinion should show a strong correlation to policy choices.

Robert S. Erikson re-analyzed the Miller-Stokes data in 1978. He concluded that "compared to the benchmark of what would have happened with random election results, the correlation between constituency opinion and the attitudes of actual winners are impressive evidence that constituency voting behavior enhances representation." (Robert S. Erikson, 1978, p. 528) Further, Erikson states that:

There appears to be more congressional representation of constituency opinion than has previously been realized. There appear to be several sources for this evident representation. In part, the representation occurs because Representatives respond to correctly perceived constituency opinion. But constituencies influence their Representatives' issue attitudes as well. This process is partially involuntary -- the result of Representatives being members of their own constituencies. More importantly, constituencies control their Representatives' attitudes via their electoral behavior -- by responding to the policy cues provided by the candidates' party affiliations and the candidates' policy positions. (Erikson, p. 532)

A fourth more recent study in 1983 comes to a similar conclusion. Benjamin I. Page and Robert Y. Shapiro of the University of Chicago studied the responsiveness of government policies to citizens' preferences and found "considerable congruence between changes in preferences and in policies, especially for large, stable changes on salient issues . . . public opinion is often the proximate cause of policy, affecting policy more than policy influences opinion." (Page and Shapiro, 1983, p. 175) Page and Shapiro also found that there was "little difference among the executive, Congress or even the federal courts; for each, congruence was at the 63 to 65 percent level." (Page and Shapiro, p. 183)

There have been several criticisms of these studies. The first concern deals with the amount of knowledge the general public has regarding the issues being decided by the Congress and the executive branch. Miller and Stokes address this concern by stating that "what makes it possible to compare the policy preferences of constituents and Representatives despite the public's low awareness of legislative affairs is the fact that Congressmen themselves respond to many issues in terms of fairly broad evaluative dimensions." (Miller and Stokes, p. 47)

Some of the later studies also address this question of constituency knowledge. Russett (1990) states "new research demonstrates that foreign policy issues [most frequently cited as those of the lowest interest and knowledge to the public] were salient to the public, and influential to voting, in most post-World War II elections." (Russett, 1990, p. 90) Page and Shapiro directly take the public's interest into account in their study. The influence of public opinion was shown to be greater on issues where the proportion of respondents answering "don't know" was small. (Page and Shapiro, p. 181)

Other critics question direction of influence between policy and public opinion. They state that the president and Congress shape and manipulate public opinion, not react to it. As stated above some of the more recent work has refuted this claim, notably Page and Shapiro (1983), Chapter IV of Controlling the Sword by Russett, Chapter II of People, Polls and Policymakers by Hinckley and an article by Hartley and Russett (1992) that specifically examines public opinion and military spending. These studies acknowledge that the relationship between public opinion and policy is not a simple one. Current policy choices will affect future public opinion and occasionally politicians can influence public opinion to support legislation already approved. In examining this relationship, Page and Shapiro found that "a high proportion of the changes in public opinion since 1935 did in fact occur before congruent changes in policy." (Page and Shapiro, p. 185)

Another criticism leveled at the early studies addressing the effect of public opinion is the sample size used. Miller-Stokes used a small number of cases. This consideration has been addressed in later works. "Based on a much larger number of cases (248)

Monroe's (1978) work has suggested that there is considerable--though far from complete--consistency between opinion and policy, especially for foreign policy and highly salient issues." (Page and Shapiro, p. 176)

These studies show that there is a definite linkage between public opinion and national policy decisions. Most of the studies concentrate on congressional decision making but as Hinckley states:

It is clear that politicians in both the White House and on Capitol Hill do rank polls revealing public opinion very high as a source of information important to decision making. In the Washington of the late twentieth century, one's popularity and/or the popularity of the issues one espouses defines one's political power. Elected officials cannot do much without popular support, and for that reason alone, public opinion is part of the power game in American national politics, including foreign policymaking. (Hinckley, p. 46)

In contrast to earlier studies, most of the more recent studies indicate that U.S. governmental policy is affected by public opinion. The results of this thesis should shed some additional light on the debate over the influence of public opinion on governmental policy choices.

C. NATIONAL SECURITY ISSUES AND PUBLIC OPINION

Foreign policy attitudes among most Americans lack intellectual structure and factual content. Such superficial psychic states are bound to be unstable since they are not anchored in a set of explicit value and means calculations or traditional compulsions.

-Gabriel A. Almond

"Almond's (1950) research indicated that most U.S. citizens knew very little about the remote issues of foreign policy and instead focused their attention on domestic policies . . . This view continues to be widely held today, and as a consequence studies of public opinion and voting tend to focus on domestic issues." (Aldrich, Sullivan and Borgida, 1989, p. 123) Until recently, this view of the public's lack of knowledge and interest in national security has led many studies of the public's influence on American policy formation to discount or ignore national security issues, namely foreign and defense policy, in the study.

The studies in the 1960s appeared to confirm a low correlation between constituency opinion and foreign policy decisions. The Miller-Stokes study states:

Congressman looks elsewhere than to his district in making up his mind on foreign issues. However, the reliance he puts on the President and the Administration suggests that the calculation of where the public interest lies is often passed to the Executive on matters of foreign policy. (Miller and Stokes, p. 56)

More recent studies have come to a different conclusion. Page and Shapiro found little difference in the effect of public opinion between foreign and domestic issues.¹ "One expected kind of variation in congruence, a difference between domestic and foreign issues, does not even occur at the simple bivariate level." (Page and Shapiro, p. 182)

Ronald H. Hinckley goes even further and "emphasizes the role that public opinion plays in national security policymaking and suggests that public opinion has become part of the decision-making process . . . public opinion polls have gained such acceptance in recent years that 'opinion polls are at the core of presidential decision making.' " (Hinckley, p. 4) His study examines in-depth the influence public attitudes have on "major contemporary foreign policy events and issues" (Hinckley, p. xv) and he concludes that:

Public opinion matters in foreign policymaking. Democratic theory alone suggests that policymakers ought to be responsive to the people. Furthermore, in American politics at the close of the twentieth century, the findings of public opinion polls are introduced into almost all major national security discussions, if not by the participants, then by the media. (Hinckley, p. 139)

Even though most of these studies focus on the influence of the public on Congress, the Aldrich, Sullivan and Borgida study indicated that the public's views on foreign policy has also played an important role in presidential elections. "We can conclude that in the elections for which we have appropriate data, attitudes about foreign affairs have been consequential." (Aldrich, Sullivan, and Borgida, p. 135)

¹This difference may be explained by the fact that Miller-Stokes only studied one election year -- 1958 while Page and Shapiro studied effects over a longer period of time --1935 to 1979.

One specific example of the influence of public opinion on foreign policy is sighted in Page and Shapiro:

A more striking case of policy following the lead of opinion was the United States' support for the admission of Communist China to the United Nations. Support among Americans for admission rose 33 percentage points from January 1964 to May 1971, with a 13 percentage-point shift by 1966. Had public preferences not shifted, the Nixon administration very well might not have altered U.S. policy toward the People's Republic of China. (Page and Shapiro, p. 187)

1. Public Opinion and Defense Spending

Noteworthy research done regarding the impact of public opinion on the national security portion of the budget has focused on one specific aspect: defense spending.² Charles W. Ostrom and Robin F. Marra show linkages between the President's budget request, congressional legislation, Department of Defense expenditures and the public's opinion for or against increased military spending. "The estimated version of the model provides evidence that public opinion concerning the appropriate magnitude of the U.S. defense effort plays an important role in U.S. defense expenditure policy making." (Ostrom and Marra, 1986, p. 838)

Russett clearly states that "preferences for change in military expenditures . . . corresponded fairly closely to changes in actual military spending in constant 1987 dollars . . . Analysis of the data suggests that decisions about military spending usually respond to public opinion." (Russett, 1990, p. 99) Another similar study was done in 1992 at Yale University by Thomas Hartley and Bruce Russett that confirms the influence of public opinion on actual defense spending.

Even controlling for the effects of other factors that concern policymakers, we find that public opinion exerts an effect on military spending in a way that is substantially plausible as a cause. With other influences held constant, we find that if the percentage of public opinion favoring increases in military spending rises, then the level of military spending will increase. Conversely, if the percentage of public opinion opposing increases in military spending rises, then actual spending

²Research studying the international affairs budget was not found.

tends to come down. It is important to note that these effects were systematic over the time period that we studied, not occasional effects too erratic to result in a statistically significant regression coefficient. (Hartley and Russett, p. 905)

All of these studies indicate that while public opinion influences military spending, its influence is less than the influence of a change in Soviet military spending (as measured in the study). As Hartley and Russett conclude "the influence of public opinion is less important than either Soviet military spending or the gap between U.S. and Soviet military spending and more important than the deficit and the balance of Soviet conflict/cooperation with the United States." (Hartley and Russett, p. 905)

In a specific study that did not take Soviet spending into account, Larry M. Bartels used public opinion to account for the Reagan defense buildup of the early 1980s. He ascertained:

The strong aggregate constituency demand for increased defense spending in 1980 is estimated to have added almost \$17 billion (about 10%) to the total fiscal year 1982 Pentagon appropriation. The impact of constituency opinion was largely independent of specific political circumstances: Differential responsiveness in districts with partisan turnover, intense district level competition, and strong presidential coattails together accounted for less than \$1 billion in additional appropriations, with the remaining \$16 billion attributable to across-the-board responsiveness by even the most safely incumbent representatives. (Bartels, 1991, p. 457)

D. PUBLIC OPINION'S INFLUENCE IN NATIONAL SECURITY AND FOREIGN POLICY

As recent studies have shown, public opinion does have an influence in public policy, in general and national security, specifically.

1. Background

One factor that must be considered in this study is the fact that public opinion's influence over national security issues has changed over the years. Before addressing a possible shift in the general attitudes of the public in recent years, it is important to address

the various outlooks on the direction of foreign policy. There are two classic approaches to foreign policy: isolationism and interventionism (internationalism). Isolationists believe that the nation should focus on domestic matters such as employment, inflation, crime, and the environment. Involvement in international matters only detracts from the primary focus. Internationalists, on the other hand, believe that the United States has an obligation to exert its influence on the international scene.

This breakdown had been further refined by Wittkopf which based his definitions on the initial work of Ole R. Holsti and James N. Rosenau. The following are the refined definitions of four basic attitudinal types:

- * Isolationists are Americans who oppose almost any kind of involvement in international affairs.
- * Accommodationists favor involvement in international affairs, believe in cooperating with other nations, and shun military intervention.
- * Internationalists also favor international involvement but believe that cooperation has its limits and that it may be necessary in particular cases to unilaterally use military force.
- * Hardliners favor international involvement but oppose cooperation, instead supporting more unilateralist action and military intervention. (Hinckley, p. 10)

2. Changes in Political Climate from W.W.I to the 1950s

Pre-World War II attitudes were dominated by isolationism. After W.W.II the changing international order led to a drastic adjustment in the attitude of the United States' citizenry. "Pearl Harbor, Nazi atrocities, the atomic bomb, and the emergence of the Soviet Union and China as world powers convinced Americans that they could not adhere to isolationism." (Hinckley, p. 13) The nation became internationalists. The United States was seen as the leader of the West in a new cold war world.

There were several changes in the international arena during the late 1950s and 1960s. Soviet power and influence grew to directly challenge the United States. Europe and Japan recovered and began to reassert influence in world affairs. Finally, the Third world nations began to band together and become a world player. These systemic changes, combined with the multitude of problems the United States experienced due to the Vietnam war, brought about a decline in the absolute power the United States could exert on the international scene. These changes splintered the internationalist stronghold on the thoughts of the nation. The nation no longer had a clear national security direction.

3. Changes in Political Climate since the 1960s

Up through the early 1960s, the studies regarding public opinion's influence on foreign policy showed little correlation (see Miller-Stokes) to policy changes and some studies even indicated that the general public had little knowledge or interest in international affairs (see Almond). With the advent of the Vietnam War, this perception began to change. The pattern is clearly shown in Page and Shapiro's findings in 1983:

The frequency of congruence has varied in different historical periods: there was more in the 1970s than in the Eisenhower years or the Kennedy Johnson years, and the level was about average from 1935 through 1952. But before concluding that government was intrinsically more responsive during Nixon, Ford and Carter administrations, we should note that there has been a trend toward a better-educated citizenry and greater issue salience, concurrent with the rise of important new social issues. (Page and Shapiro, p. 182)

Bartels noted in his study that the general attitude among political scholars that the public is uninformed and apathetic about defense and foreign affairs "appears since the late 1970s to have become increasingly untenable. In 1980 about one third of the public mentioned defense and foreign policy issues as the nation's most important problem and more people correctly characterized the relative positions of Reagan and Carter on the issue of defense spending than on any other issue." (Bartels, p. 459)

The public has increased its influence on public policy especially in the area of national security since the late 1960s. One example of this influence was referred to in Russett's book:

At one point in Reagan's second term, [Mike] Deaver and Nancy Reagan reportedly used polls showing American's waning enthusiasm for defense spending to persuade the president to reduce his proposed military budget.

This change in the importance of public opinion for national security issues is evident in the reactions of bureaucratic government officials as well. In Hinckley's book, he notes that a different attitude toward public opinion had grown in the State Department:

In State's Bureau of Public Affairs, the Office of Opinion Analysis synthesizes all types of polling data for the secretary and distributes scores of information memoranda outlining public opinions on various foreign policy topics. This is a far different atmosphere from that found by Bernard C. Cohen in the late 1960s and early 1970s. He noted that the prevailing attitude was that public opinion was irrelevant and pointless for State officials and that their basic outlook was, 'to hell with public opinion.' (Hinckley, p. 4)

As the importance of public opinion in foreign policy increased, so did the intervention of the Congress into areas normally the realm of the Executive branch. Sean Lynn-Jones expounds on this change:

Since the late 1960s the U.S. Congress has played an increasingly active role in defense and arms control policy and has asserted greater power vis-à-vis the Executive Branch. The evidence of this trend can be seen in the increased oversight that Congress has exercised over defense budgets and arms control agreements . . . In 1969, for example, Congress made 180 changes to the defense authorization bill and 650 to the appropriations bill. By 1985, the number of adjustments had increased to 1,145 and 2,156, respectively. (Lynn-Jones, 1990)

E. INFERENCES

Public opinion has a definite impact on the direction of public policy in the United States. This influence appears to have grown in the last few decades especially in the area of national security.

The influence of public opinion is not universal and is confined to overarching policy direction. Russett comments on this influence:

Public opinion sets broad limits of constraint, identifying a range of policies within which decision makers can choose, and within which they must choose if they are not to face rejection in the voting booths. . . . A major instrument of popular influence in the United States may often operate through congressional readings of public opinion and then through legislators' influence on the executive. Public opinion may be more effective as elections draw near. In an era of 'permanent plebiscite' conducted by polls and electronic media, however the interaction of public opinion and exercises of political drama by governmental leaders is a continuing phenomenon. (Russett, p. 110)

The reasons for the increased influence could be varied. Some postulate that the Vietnam War and decreasing confidence in the government has led to increased voter interest in the affairs of government. Others link the increased power of public opinion to technology changes as Hinckley states:

Some discussion is warranted as the reasons why mass public opinion has become so directly linked to policy formation. The information revolution has eroded the interest group dimension of public opinion. New information-transfer technologies in the mass media, telecommunications, and the computer industry have increased the flow of information directly to individuals. (Hinckley, p. 6)

In the final analysis, it is important to acknowledge the impact of public opinion on policy decisions and to use the information available when attempting to understand the dynamics of policy decision making. As Hinckley states:

I believe that public opinion has been defined and has become institutionalized in the American political process through and by opinion polls. Therefore, whether one thinks it is appropriate or not to measure public opinion through polls or that such findings should be considered by policymakers, the fact of the matter is that polls are conducted, their results are offered as public opinion, and this opinion is often used in the policy process. (Hinckley, p. xvi)

This thesis examines the effect that various opinion influences have on the two main portions of the U.S. national security portion of the budget. A clearer understanding of the driving forces behind the national security budget will help policymakers address the question that now faces the United States -- what effect has end of the cold war had on attitudes of the general public and how will this effect the direction U.S. policy will take?

III. DATA SOURCES AND DESCRIPTIONS

Tables containing the values for the independent and dependent variables can be found in Appendix A.

A. DEPENDENT VARIABLES

As stated in Chapter I, the dependent variables, national defense budget and international affairs budget, are taken from the Historical Tables: Budget of the United States Government Fiscal Year 1996 as collated by the Office of Management and Budget (OMB). The data was gathered from 1946 to 1994. The starting data point was chosen to exclude World War II but include the period of movement of the United States into the international scene as the major player. During the analysis, the huge expenditures of the Marshall Plan on the international affairs budget greatly skewed the results, so the regressions for the international affairs budget is run only using the data from 1952 to 1994.

The time-series regression is run evaluating a zero, one and two year lag for the independent variables to influence the dependent variables.³ The previous research in the area of public opinion influence on policy indicated that a one year lag showed the most correlation. (Page and Shapiro, 1983, p. 177.) This thesis finds that each independent variable shows a stronger relationship at different lag periods, although the difference between years for most of the variables is small. (See Appendix B for further details.) This lag may be explained by the time it takes for the elected officials to assimilate the constituency's preferences.

³ The data considered is listed by fiscal year. This representation is one year after the budget was voted on. A zero lag is considered to be comparing the independent variables with data from the year the budget was voted on. Thus a zero lag would compare the FY1990 budget figures with the independent variable from 1989.

B. INDEPENDENT VARIABLES

Since one of the purposes of this thesis is to evaluate the influence of public opinion on policy decisions, polling data is the primary measure used to represent the independent variables. The polling data samples the general public's attitudes on a regular basis and is readily available to policy makers.

Public concern about the state of the economy is measured by the Consumer Sentiment Index compiled by the University of Michigan, Survey Research Center.⁴ The data was taken from the Survey of Current Business published by the U.S. Department of Commerce. This index is based on a survey that asks respondents to rate their financial situation and to assess future U.S. business conditions on three categories:

- * Up, better, or good.
- * Same, no change, or uncertain.
- * Down, worse, or bad.

The data measuring the nation's foreign focus and the polling measures of the international situation are gathered from the Gallup Poll found in The Gallup Poll: Public Opinion, Annual Series; and The Gallup Poll Monthly. The polling question measuring the foreign focus variable asks individuals, "what do you think is the most important problem facing this country today?"⁵ The combined responses to this question show the priority given to specific concerns. In order to simplify the evaluation of the data for this thesis, the answers to this question are placed into three categories: foreign and military

⁴Additional detail about this survey can be found in The Handbook of Cyclical Indicators published by the U.S. Department of Commerce in 1984, pages 20-21.

⁵This wording is the most commonly used one. There were minor variations in the form of the question. A complete listing of these variations can be found in an article written by Tom W. Smith, "The Polls: America's Most Important Problems; Part I: National and International," Public Opinion Quarterly 49, p. 267-268.

related, economic, and other. Included in the "foreign and military" category are references to war, peace, international relations, foreign affairs, national defense, and military preparedness. The "economic" category includes mentions of inflation, cost of living, poverty, food, shelter, farm problems, strikes, unemployment, jobs, cost of government, national debt, and taxes. All responses (i.e., race, drugs, or energy) that did not clearly fall into either category are placed in the "other" category. The information regarding this question is gathered from published Gallup Poll sources for all years from 1946 to 1994. No datum is available for three years (1952, 1960 and 1961) in the published Gallup material. There are 111 instances of the "Most Important Problem" question listed in the Gallup Poll publications during this period. The responses for each individual question are added up according to the stipulated categories and divided by the total number of responses.⁶ The percentages in the foreign category for one year are averaged together to produce a composite number for each year of the covered period.

The second variable measured by survey results is the international situation. The polling data for this variable is sketchy. The first polling question used asks "do you think it would be best for the future of this country if we take an active part in world affairs, or if we stay out of world affairs?" This data set was available from 1946 to 1991 with a gap of information from 1957 to 1972 and a total of 24 years represented. The second question used to represent this variable is "do you think that [the next year] will be a peaceful year more or less free of international disputes, a troubled year with much international discord or remain the same?"⁷ The data set used for this variable is the number of "troubled" answers. It is assumed that there will be no pressure to increase the national security portion of the budget if the public believes that the future will be more "peaceful" or will "remain the same". Of the forty-nine years included in this study, data on this question is available in the Gallup Poll for only eighteen years with most of the

⁶Multiple responses were given to the "most important problem" question. The total number of responses varied from 100-249.

⁷The "remain the same" selection was added in 1977 and 1981 to 1990 questions.

data in the 1970s and 1980s. The polling data about the public's impression of the likelihood of war and the soviets increasing in power was not in sufficient quantity to be able to include it in this study.

To supplement the sparse polling data, a measure of the international tension itself is used. Rather than develop a separate coding system based on limited knowledge, one from a previous study of defense spending was used. This measure is in an article by Farid Abolfathi, "Threat, Public Opinion and Military Spending in the United States, 1930-1990." (McGowan, pp. 83-133) It uses a scale of zero to three. Zero represents "no significant international conflicts affecting U.S. interests" and three represents "extremely high tension levels." (McGowan, p. 90) The coding stopped at 1979, so additional coding, based on the original concept, is created to bring the data set to 1994.

A third measure of the international situation is the state of war for the United States. The conflicts that are considered to be a war during this period are the Korean War, Vietnam War, and the Gulf Conflict. A simple representation is used:

- * No war = 0
- * U.S. involved in a war part of the year or only partial commitment = 0.5
- * U.S. involved in a war all year = 1

A final variable considered is the effect of a party's control of the government. For each year the control of the Congress and the presidency is coded. A code of three indicates that the Democrats had control of both Houses of Congress and the presidency for that year. A code of zero means that the Republicans had control of all three.

The hypotheses of this thesis expects different influences for each of these independent variables. The nation's foreign focus and the international situation should influence the defense budget more than the international affairs budget. The economic outlook should influence international affairs more than defense. The party variable is expected to have no distinguishable influence on either dependent variable.

IV. OUTCOME OF THE ANALYSIS

Overall, the hypotheses are confirmed by the regression analysis. (See Appendix B for the regression analysis tables.)

The nation's focus variable using the foreign and military category of the "most important problem" polling question is positively correlated with both defense and international affairs budgets. The defense and international affairs budgets are significantly influenced by the nation's foreign policy focus (adjusted $R^2 = 0.68$ and 0.55 , respectively.) The beta coefficients of 0.76 and 0.65 show that the nation's foreign focus has the strongest effect on the budgets compared to the other variables. The more the nation sees foreign concerns as the "most important problem" the higher the percentage of the budget is devoted to national security. The influence of the nation's foreign focus does seem to influence the defense budget a little more than the international affairs budget as evidenced by the stronger adjusted R^2 for defense.

The effect of the international situation on the budget is distinct for each dependent variable. For defense, the polling data used are insufficient indicators of the direction the budget would take. The strongest association was a weak positive relationship (adjusted $R^2 = 0.11$) between the view that the U.S. should play an active part in world affairs and increases in the percentage allocated to defense. The beta coefficient for this variable is equal to the influence exhibited by both economic outlook and war. The polling data regarding the perception of a "troubled year" did not influence the defense budget at all.

The defense budget appears to be strongly influenced by the variables measuring the actual international conditions: tension and war. There is a positive correlation (adjusted $R^2 = 0.40$ and 0.16 , respectively) between the percentage of the defense budget and a rise in the level of international tension and the involvement in war. The beta coefficient for international tension (0.63) is not quite double the coefficient for war (0.40) indicating that international tension is a stronger indicator of changes in the percentage allotted to the defense budget.

The international affairs budget also shows a significant correlation (0.38) to the international tension but not the war variable. The international affairs budget is weakly correlated to both polling measures of the international situation. (Adjusted R² for "active part in the world"= 0.14 and for "troubled world"=0.12.)

The hypothesis that is unable to be confirmed is the influence of the nation's economic outlook. The attitude of the country regarding the economy, as measured by the Consumer Sentiment Index, did show a weak correlation with both defense and international affairs budget. As the nation became more concerned about the economy the percentage of the budget devoted to both defense and international affairs decline. The relative influence of the nation's economic outlook on the two budgets is unknown because of the high correlation between the various independent variables (see Table 5 of Appendix B) and the closeness of the single regression adjusted R² :defense = 0.20 and international affairs = 0.18. The high correlation between variables prevents a comparison of the strength of the influence over the defense vs. the international affairs budget and a true testing of this portion of the hypothesis. The beta coefficient for defense (0.41) shows that the nation's economic outlook influences the defense budget as much as war or the perception of the role of the U.S. in world affairs. For the international affairs budget, the beta coefficient of economic outlook (0.27) is about the same as the two measures of the perception of the international situation.

The influence of the economy on the budget shown in this thesis confirms a similar result found in a study done by Kamlet and Mowery where they state that "the influence of economic conditions on budgetary outcomes is strong but varies considerably across spending categories." (Kamlet and Mowery, 1987, p. 155)

Most variables have a lesser effect on the international affairs budget. This may be due to the fact that the percentage of the budget given to international affairs is small and therefore does not vary to the same extent that defense does.

Party control of the government did not show any relationship to either the defense or the international affairs budgets.

These results confirm most of the hypotheses of this thesis. The defense budget is clearly influenced by the nation's focus on foreign problems and the current international situation. Public opinion does play a role in the priority given to defense spending confirming the studies of Ostrom and Marra, Bruce Russett, and Larry Bartels. This thesis determined that public opinion also has an effect on the percentage of the international affairs budget.

The multiple regressions run with the percentage of defense and international affairs budgets⁸ also showed a very high association with the independent variables (adjusted $R^2 = 0.83$ and 0.77, respectively; see Appendix B, Tables 3 and 4). Because of the high correlation between the various independent variables (see Appendix B, Table 5), a time-series multiple regression that included both foreign focus and economic outlook was not run. The correlation among the independent variables probably inflated the measure of association in the regressions.

Even accepting that the adjusted R^2 is artificially high, the multiple regressions do indicate that the independent variables explain a large portion of the changes in the percentage of the budget allocated to defense and international affairs.

The multiple regression run evaluating the influences on the defense budget shows the importance of the nation's focus, international tension and the state of war. (See Appendix B, Table C.) The multiple regression with the highest association evaluating the international affairs budget showed influences by the nation's foreign focus, international tension, and the perception of a troubled year ahead.

Based on the residuals of the equations, the regressions are best at predicting the national security budget in the 1970s and 1980s. (See Appendix B.) This may indicate that public opinion has had more influence since the Vietnam War.

⁸The two multiple regressions reported in this thesis are those that possess the highest adjusted R^2 and have Durbin-Watson statistics that fall within the upper and lower bounds of five percent significance.

V. CONCLUSIONS

This analysis clearly shows the importance of public opinion as well as actual international conditions on the national security portions of the budget. The breakdown of these influences on the defense and international affairs budgets, two competing nondiscretionary funds, can assist in the active procurement of an additional percentage of the budget for national security issues.

Many studies had previously addressed the influences that the international situation had on the defense budget. This thesis shows that the defense budget is affected by changes in the international situation more than the international affairs budget. This influence is not simply derived from an assessment of the threat from the Soviet Union (i.e., Soviet military spending) as previous studies have shown. (See Hartley and Russett, Ostrom and Marra, or Su, Kamlet, and Mowery) There is a strong influence from a general tensions worldwide. This may help to provide a basis for estimating future budgets in this post cold war era where the threat from the old arch enemy, the Soviet Union, is no more.

The effect of public opinion on the defense budget is strong, especially beginning in the late 1960s to present day. The nation's focus on foreign issues, the concern about the economy, and to a lesser extent the view of the U.S. role in world affairs contributes to the priority given to defense matters in the budget. These issues should be addressed by the Department of Defense in its public affairs policies and statements in order to increase support for defense spending.

Some of the significant influences on the international affairs budget are determined by this thesis. The nation's concern about foreign issues, the actual international tension and perceptions about the state of the economy had the greatest effect on the international affairs budget. Public opinion did have a notable influence on the percentage of the budget allocated to the international affairs budget. This confirms more general research on the public's impact on foreign policy done by Hinckley, Russett, and Page and Shapiro.

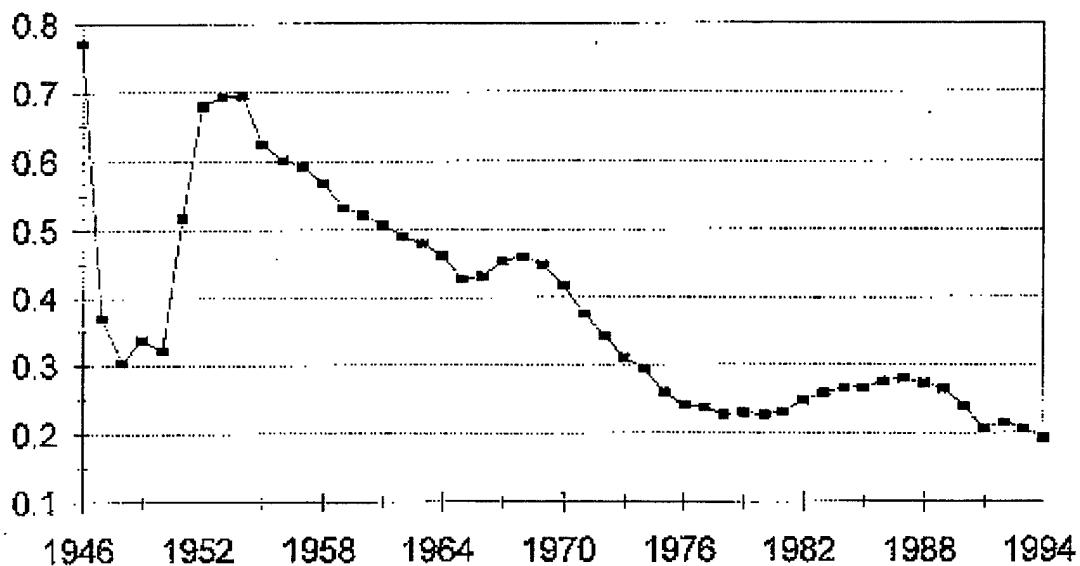
APPENDIX A. DATA TABLES

Table 1. Budget (Historical Tables; Budget of the United States FY 1996) in thousands

YEAR	TOTAL BUDGET	DEFENSE BUDGET	DEFENSE PERCENTAGE	INTERNATIONAL AFFAIRS BUDGET	INTERNATIONAL AFFAIRS PERCENTAGE
1946	\$55,232	\$42,681	77.3%	\$1,935	3.5%
1947	\$34,496	\$12,808	37.1%	\$5,791	16.8%
1948	\$29,764	\$9,105	30.6%	\$4,566	15.3%
1949	\$38,835	\$13,150	33.9%	\$6,052	15.6%
1950	\$42,562	\$13,724	32.2%	\$4,673	11.0%
1951	\$45,514	\$23,566	51.8%	\$3,647	8.0%
1952	\$67,686	\$46,089	68.1%	\$2,691	4.0%
1953	\$76,101	\$52,802	69.4%	\$2,119	2.8%
1954	\$70,855	\$49,266	69.5%	\$1,596	2.3%
1955	\$68,444	\$42,729	62.4%	\$2,223	3.2%
1956	\$70,640	\$42,523	60.2%	\$2,414	3.4%
1957	\$76,578	\$45,430	59.3%	\$3,147	4.1%
1958	\$82,405	\$46,815	56.8%	\$3,364	4.1%
1959	\$92,098	\$49,015	53.2%	\$3,144	3.4%
1960	\$92,191	\$48,130	52.2%	\$2,988	3.2%
1961	\$97,723	\$49,601	50.8%	\$3,184	3.3%
1962	\$106,821	\$52,345	49.0%	\$5,639	5.3%
1963	\$111,316	\$53,400	48.0%	\$5,308	4.8%
1964	\$118,528	\$54,757	46.2%	\$4,945	4.2%
1965	\$118,228	\$50,620	42.8%	\$5,273	4.5%
1966	\$134,532	\$58,111	43.2%	\$5,580	4.1%
1967	\$157,464	\$71,417	45.4%	\$5,566	3.5%
1968	\$178,134	\$81,926	46.0%	\$5,301	3.0%
1969	\$183,640	\$82,497	44.9%	\$4,600	2.5%
1970	\$195,649	\$81,692	41.8%	\$4,330	2.2%
1971	\$210,172	\$78,872	37.5%	\$4,159	2.0%
1972	\$230,681	\$79,174	34.3%	\$4,781	2.1%
1973	\$246,707	\$76,681	31.1%	\$4,149	1.7%
1974	\$269,359	\$79,347	29.5%	\$5,710	2.1%
1975	\$332,332	\$86,509	26.0%	\$7,097	2.1%
1976	\$371,792	\$89,619	24.1%	\$6,433	1.7%
1977	\$409,218	\$97,241	23.8%	\$6,353	1.6%

YEAR	TOTAL BUDGET	DEFENSE BUDGET	DEFENSE PERCENTAGE	INTERNATIONAL AFFAIRS BUDGET	INTERNATIONAL AFFAIRS PERCENTAGE
1978	\$458,746	\$104,495	22.8%	\$7,482	1.6%
1979	\$503,485	\$116,342	23.1%	\$7,459	1.5%
1980	\$590,947	\$133,995	22.7%	\$12,714	2.2%
1981	\$678,249	\$157,513	23.2%	\$13,104	1.9%
1982	\$745,755	\$185,309	24.8%	\$12,300	1.6%
1983	\$808,380	\$209,903	26.0%	\$11,848	1.5%
1984	\$851,846	\$227,413	26.7%	\$15,876	1.9%
1985	\$946,391	\$252,748	26.7%	\$16,176	1.7%
1986	\$990,336	\$273,375	27.6%	\$14,152	1.4%
1987	\$1,003,911	\$281,999	28.1%	\$11,649	1.2%
1988	\$1,064,140	\$290,361	27.3%	\$10,471	1.0%
1989	\$1,143,172	\$303,559	26.6%	\$9,573	0.8%
1990	\$1,252,705	\$299,311	23.9%	\$13,764	1.1%
1991	\$1,323,441	\$273,292	20.7%	\$15,851	1.2%
1992	\$1,380,856	\$298,350	21.6%	\$16,107	1.2%
1993	\$1,408,675	\$291,086	20.7%	\$17,248	1.2%
1994	\$1,460,914	\$281,563	19.3%	\$17,083	1.2%

Graph 1. Percentage of Budget allocated to Defense



Graph 2. Percentage of the Budget allocated to International Affairs

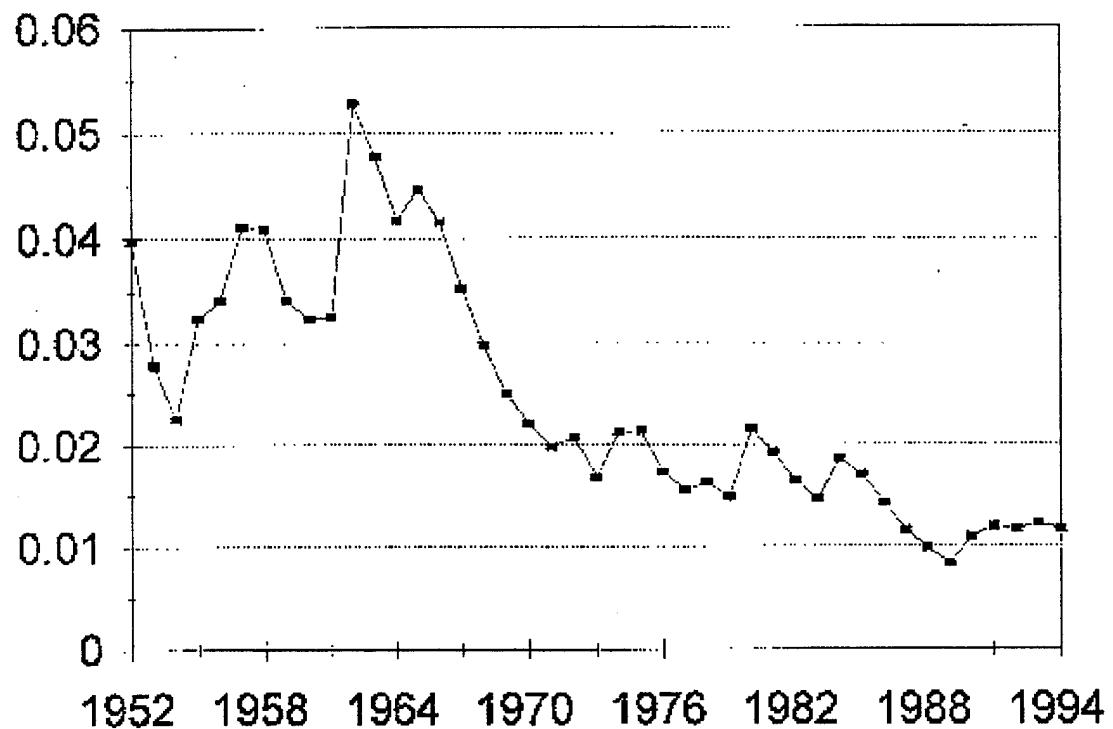


Table 2. Consumer Sentiment Index (Survey of Current Business)

YEAR	INDEX	YEAR	INDEX	YEAR	INDEX	YEAR	INDEX
1952	86.20	1963	94.80	1974	64.00	1985	93.20
1953	85.75	1964	99.20	1975	70.50	1986	94.80
1954	83.97	1965	102.40	1976	85.40	1987	90.60
1955	99.40	1966	93.80	1977	86.60	1988	94.40
1956	99.43	1967	94.10	1978	79.40	1989	92.80
1957	88.30	1968	93.10	1979	66.00	1990	81.60
1958	83.40	1969	88.20	1980	64.40	1991	77.60
1959	94.55	1970	76.50	1981	70.70	1992	77.30
1960	93.97	1971	81.10	1982	68.00	1993	82.80
1961	92.60	1972	90.40	1983	87.50	1994	92.30
1962	94.80	1973	76.10	1984	97.50		

Table 3. Most Important Problem--Foreign/Military Category (Gallup Poll)

YEAR	PERCENT IN FOREIGN AND MILITARY CATEGORY	YEAR	PERCENT IN FOREIGN AND MILITARY CATEGORY	YEAR	PERCENT IN FOREIGN AND MILITARY CATEGORY
1946	9.01%	1963	41.86%	1980	19.55%
1947	35.58%	1964	37.24%	1981	5.61%
1948	51.53%	1965	48.73%	1982	6.37%
1949	32.38%	1966	47.06%	1983	19.41%
1950	48.00%	1967	50.51%	1984	22.04%
1951	55.24%	1968	38.53%	1985	20.97%
1952	Not Available	1969	36.36%	1986	22.15%
1953	61.00%	1970	35.40%	1987	19.41%
1954	40.47%	1971	30.12%	1988	9.00%
1955	34.88%	1972	30.14%	1989	2.73%
1956	44.82%	1973	5.85%	1990	9.41%
1957	37.94%	1974	2.04%	1991	16.73%
1958	36.30%	1975	2.32%	1992	2.52%
1959	54.91%	1976	4.16%	1993	3.42%
1960	Not available	1977	6.00%	1994	3.28%
1961	Not available	1978	7.49%		
1962	57.80%	1979	4.99%		

Graph 3. Nation's Economic Outlook and Foreign Focus (1946-1994)

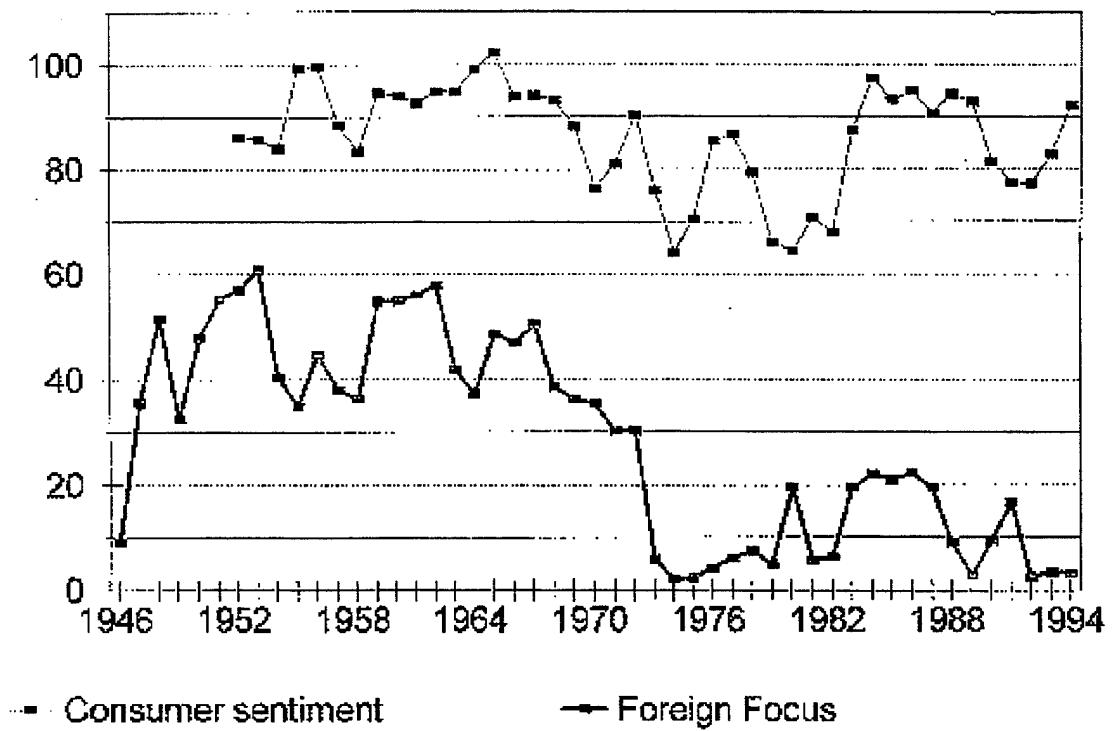


Table 4. International Situation Polling Data (Gallup Poll)

YEAR	ACTIVE PART IN WORLD	TROUBLED YEAR	YEAR	ACTIVE PART IN WORLD	TROUBLED YEAR
1946	72	Not Available	1971	Not Available	Not Available
1947	68	Not Available	1972	Not Available	Not Available
1948	70	Not Available	1973	66	65
1949	68	Not Available	1974	66	61
1950	66	Not Available	1975	61	Not Available
1951	66	Not Available	1976	63	Not Available
1952	68	Not Available	1977	Not Available	45
1953	71	Not Available	1978	59	53
1954	69	Not Available	1979	Not Available	80
1955	72	Not Available	1980	Not Available	Not Available
1956	71	Not Available	1981	Not Available	45
1957	Not Available	Not Available	1982	54	32
1958	Not Available	Not Available	1983	65	55
1959	Not Available	27	1984	65	34
1960	Not Available	Not Available	1985	70	31
1961	Not Available	Not Available	1986	64	35
1962	Not Available	54	1987	Not Available	25
1963	Not Available	Not Available	1988	Not Available	19
1964	Not Available	Not Available	1989	Not Available	26
1965	79	57	1990	70	46
1966	Not Available	Not Available	1991	71	Not Available
1967	Not Available	Not Available	1992	Not Available	Not Available
1968	Not Available	Not Available	1993	Not Available	Not Available
1969	Not Available	Not Available	1994	Not Available	Not Available
1970	Not Available	Not Available			

Table 5. International Situation -- Coded Data (after Abolfathi from McGowan and Kegley, 1980)

YEAR	TENSION	WAR	YEAR	TENSION	WAR
1946	0.5	0	1971	1	0.5
1947	1	0	1972	0.5	0.5
1948	3	0	1973	1	0
1949	2	0	1974	1	0
1950	2	0.5	1975	1	0
1951	3	1	1976	1	0
1952	3	1	1977	1	0
1953	3	0.5	1978	1	0
1954	2	0	1979	1	0
1955	1	0	1980	2	0
1956	1	0	1981	1	0
1957	2	0	1982	1	0
1958	2	0	1983	1	0
1959	2	0	1984	0.5	0
1960	3	0	1985	0.5	0
1961	3	0	1986	0.5	0
1962	3	0	1987	0.5	0
1963	2	0	1988	0.5	0
1964	1	0	1989	1	0
1965	2	0.5	1990	2	0
1966	3	1	1991	2	0.5
1967	2	1	1992	1	0
1968	2	1	1993	0.5	0
1969	1	0.5	1994	0.5	0
1970	1	0.5			

APPENDIX B. REGRESSION ANALYSIS RESULTS

Table 1. Single Regression with Defense Budget Percentage as Dependent Variable

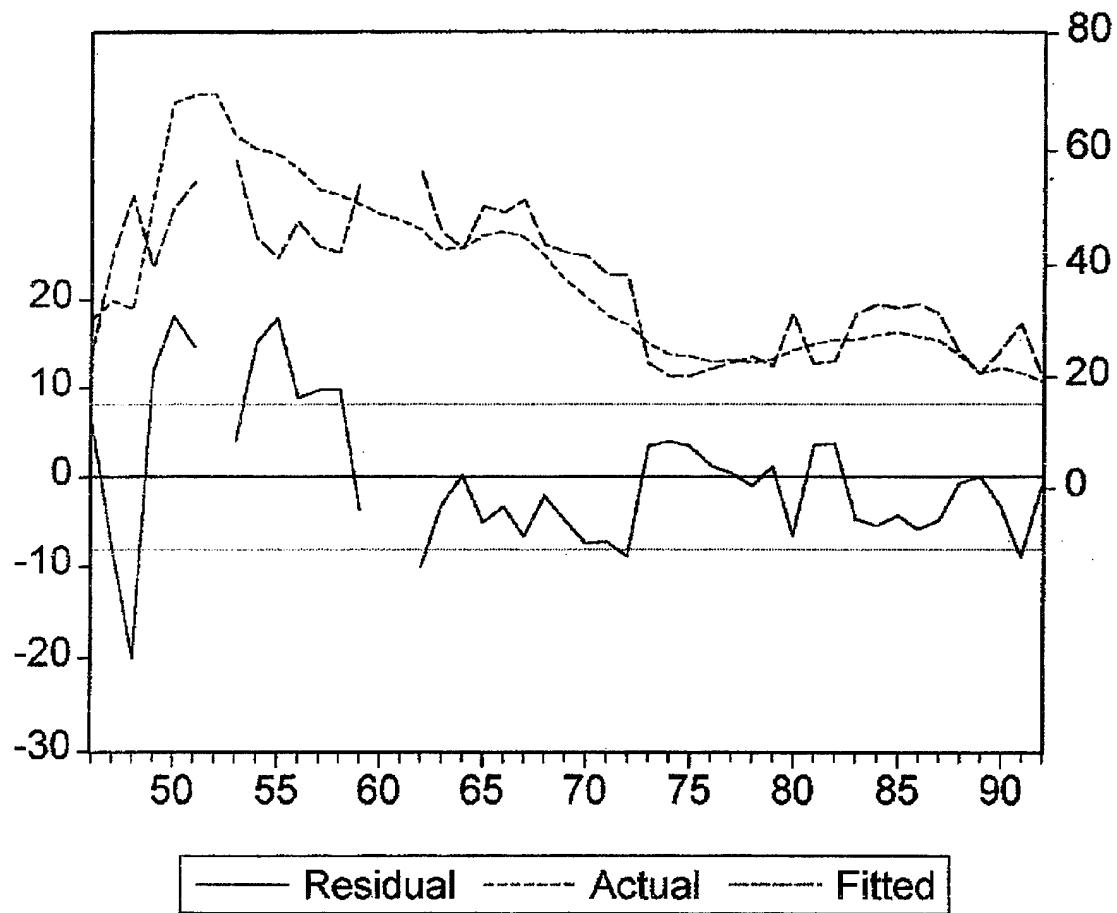
Independent Variable	No. years lagged ⁹	Coefficient	Beta Coefficient	T-statistic Probability	Adjusted R ²
Foreign focus*	1	0.6360	0.7583	0.0000	0.6799
Economic concern*	1	0.6356	0.4147	0.0019	0.2008
International situation:					
-Active part in world affairs [^]	0	1.2943	0.4157	0.0675	0.1050
-Troubled year*	2	0.0224	0.0235	0.8654	-0.0605
-Tension*	2	11.4775	0.6265	0.0000	0.4097
-War [^]	0	18.6856	0.3987	0.0025	0.1638
Party*	0	2.3540	0.1267	0.3628	-0.0033

Table 2. Single Regression with International Affairs Budget Percentage as Dependent Variable (from 1952)

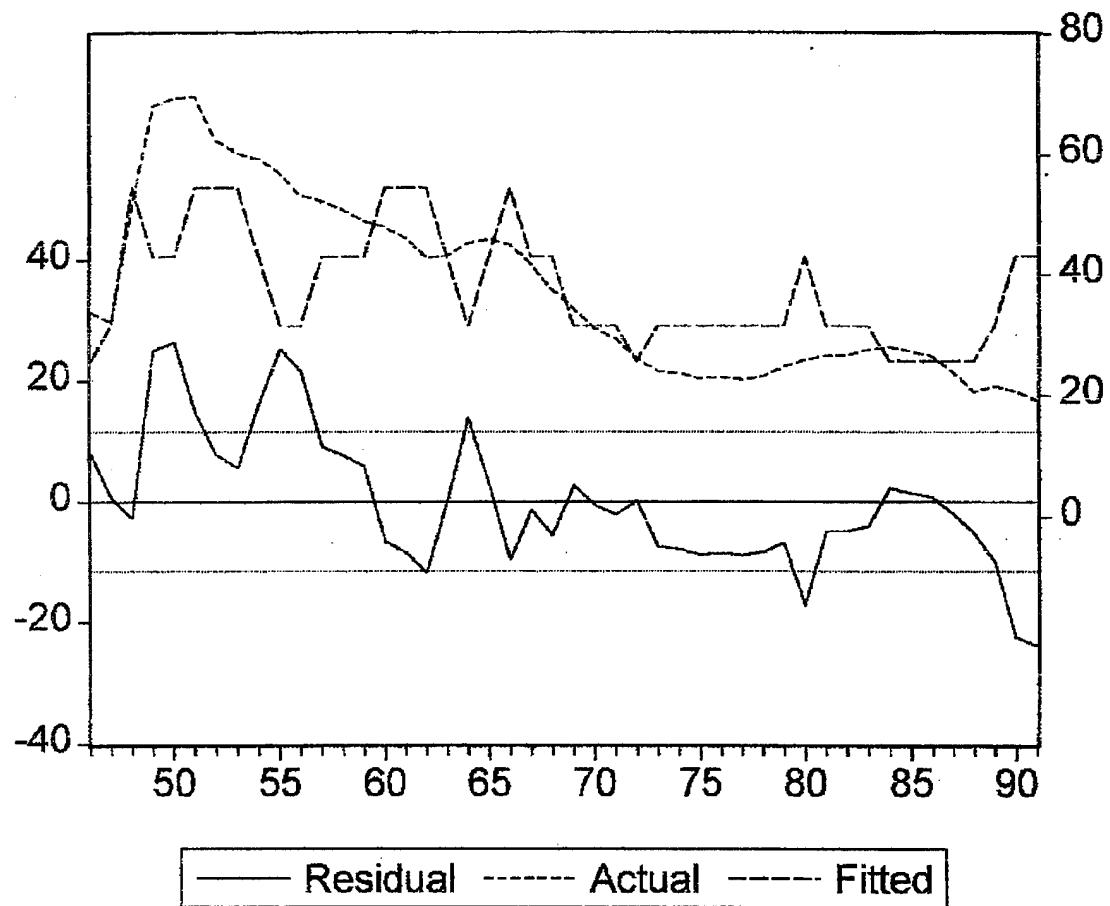
Independent Variable	No. years lagged ⁹	Coefficient	Beta Coefficient	T-statistic Probability	Adjusted R ²
Foreign focus [^]	1	0.0439	0.6500	0.0000	0.5493
Economic concern*	1	0.0510	0.2744	0.0034	0.1789
International situation:					
- Active part in world affairs*	2	0.0848	0.4045	0.0704	0.1396
-Troubled year [^]	0	0.0272	0.2357	0.0855	0.1219
-Tension*	2	0.9197	0.6401	0.0000	0.3809
-War*	0	0.3332	0.0914	0.5581	-0.0161
Party*	0	0.3418	0.2371	0.1280	0.0334

⁹The data for each independent variable is chosen based on which lag demonstrates the highest adjusted R² value. For all variables identified with an asterick (*) the adjusted R² values for all years tested are close. A karot (^) indicates only a zero lag and a one year lag were close in value.

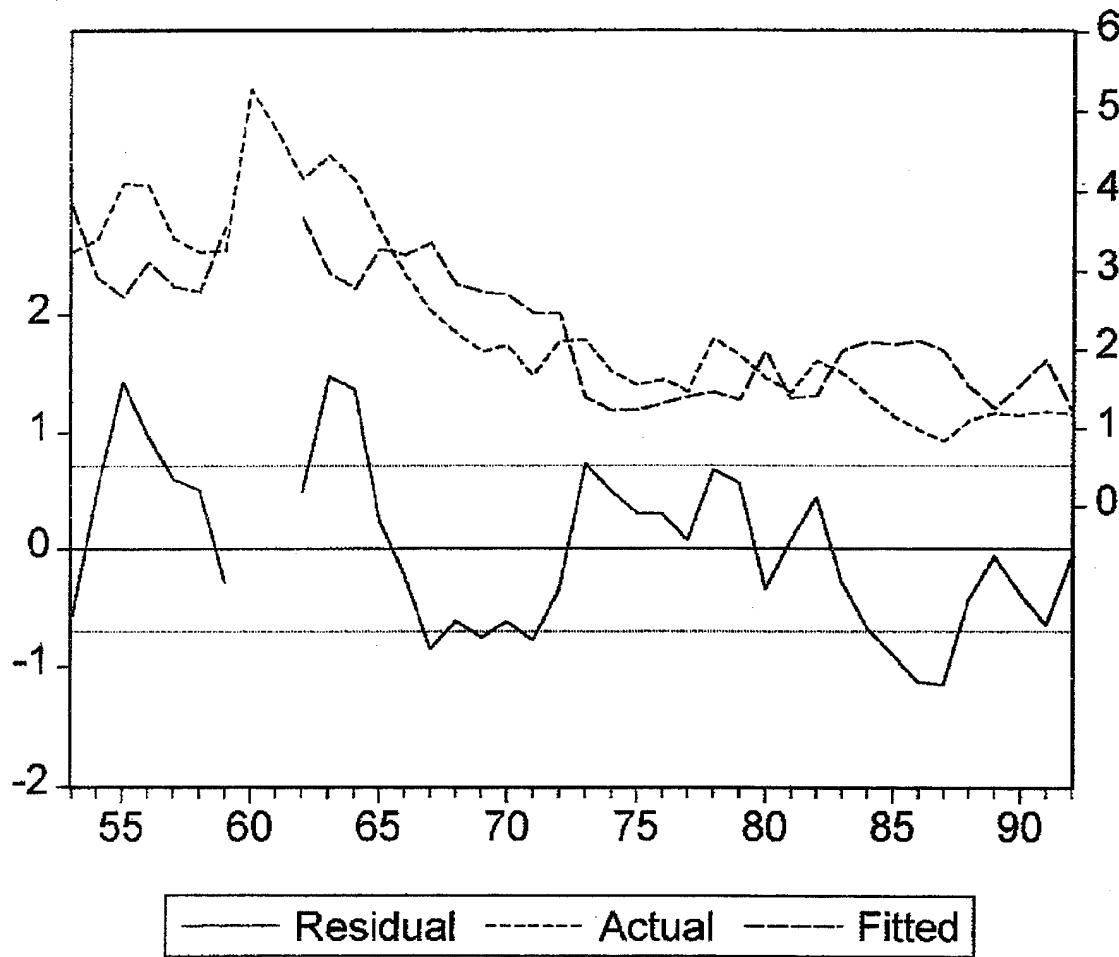
GRAPH 1. Residuals for Single Regression: Defense and Foreign Focus



GRAPH 2. Residual for Single Regression: Defense and International Tension



GRAPH 3. Residuals for Single Regression: International Affairs and Foreign Focus



GRAPH 4. Residuals for Single Regression: International Affairs and International Tension

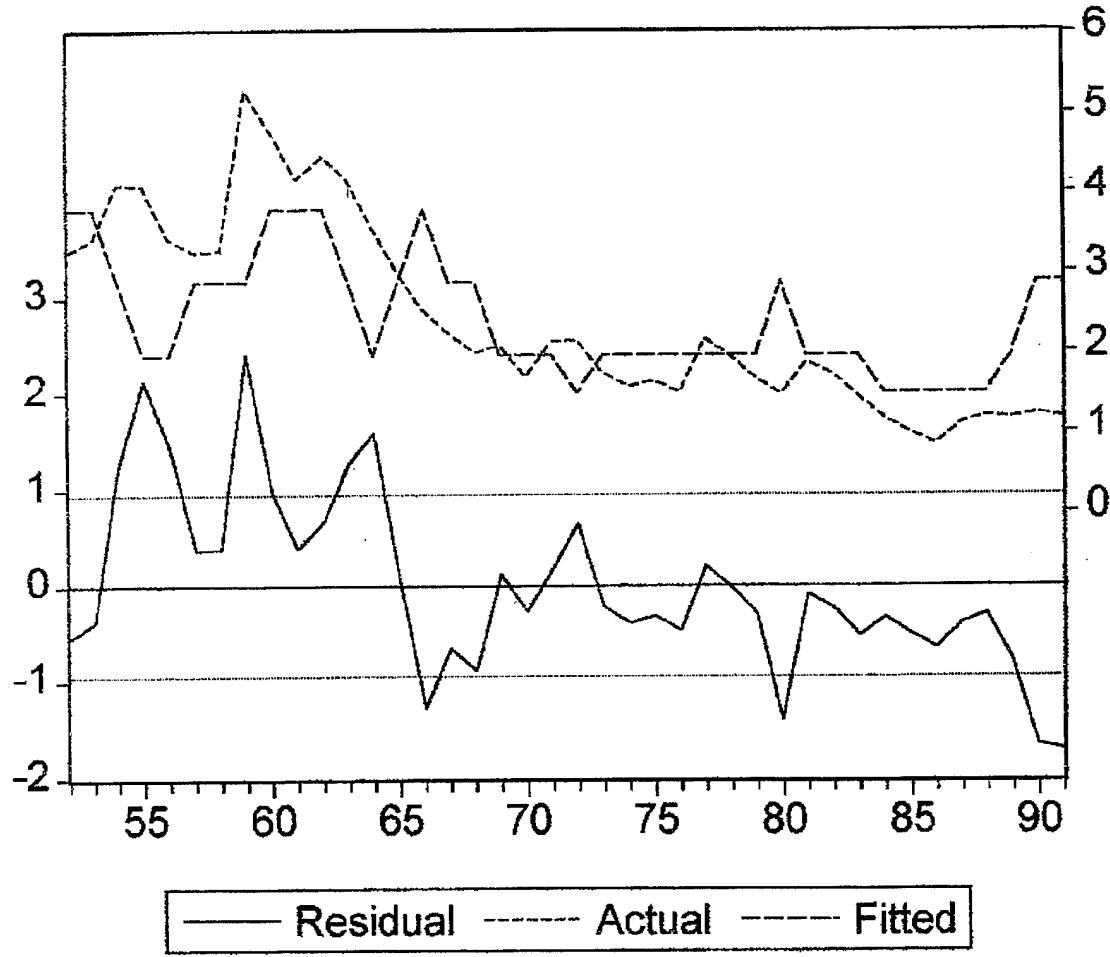


Table 3. Multiple Regression with Defense as the Dependent Variable

Independent Variable	Coefficient	Standard Error	T-Statistic	Probability
Foreign Focus ¹⁰	0.4207	0.1153	3.6507	0.0022
Active Part in World Affairs	0.0044	0.3434	0.0129	0.9899
International Tension ¹¹	8.6028	2.3143	3.7171	0.0019
War	11.4721	5.2635	2.1795	0.0446
C	38.8645	27.8348	1.3963	0.1796

Adjusted R ²	0.8330	F-Statistic	25.9400
Durbin-Watson Statistic ¹²	1.6718	Probability (F-Statistic)	0.0000

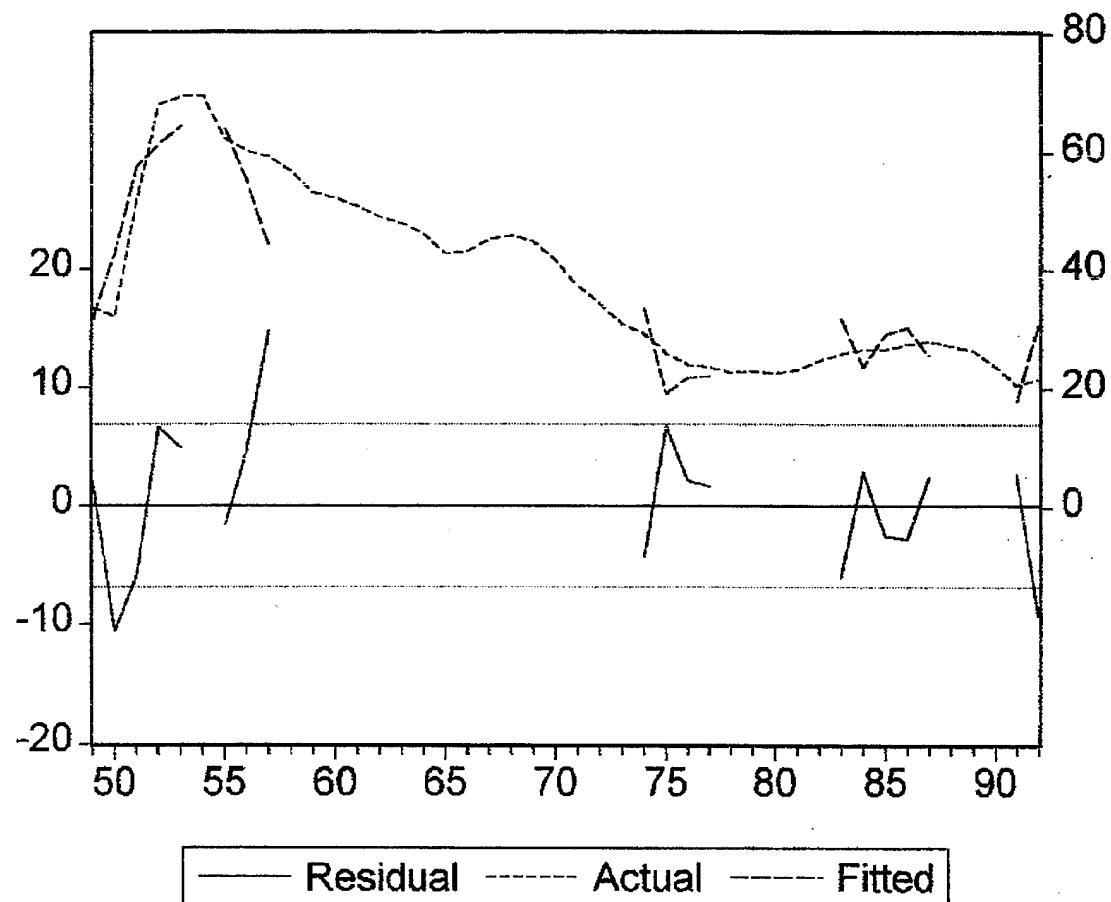
Table 4. Multiple Regression with International Affairs as the Dependent Variable

Independent Variable	Coefficient	Standard Error	T-Statistic	Probability
Foreign Focus ¹⁰	0.0323	0.0100	3.2271	0.0066
International Tension ¹¹	0.8110	0.2094	3.8720	0.0019
Troubled Year	0.0236	0.0062	3.8189	0.0021
C	-0.5703	0.3522	-1.6196	0.1294

Adjusted R ²	0.7714	F-Statistic	18.9955
Durbin-Watson Statistic ¹²	1.6602	Probability (F-Statistic)	0.0000

¹⁰Variable was lagged one year.¹¹Variable was lagged two years. Zero lag is used for all other variables.¹²Durbin-Watson statistic is within the upper and lower bounds of 5 per cent significance.

GRAPH 5. Residuals for Multiple Regression: Defense



GRAPH 6. Residuals for Multiple Regression: International Affairs

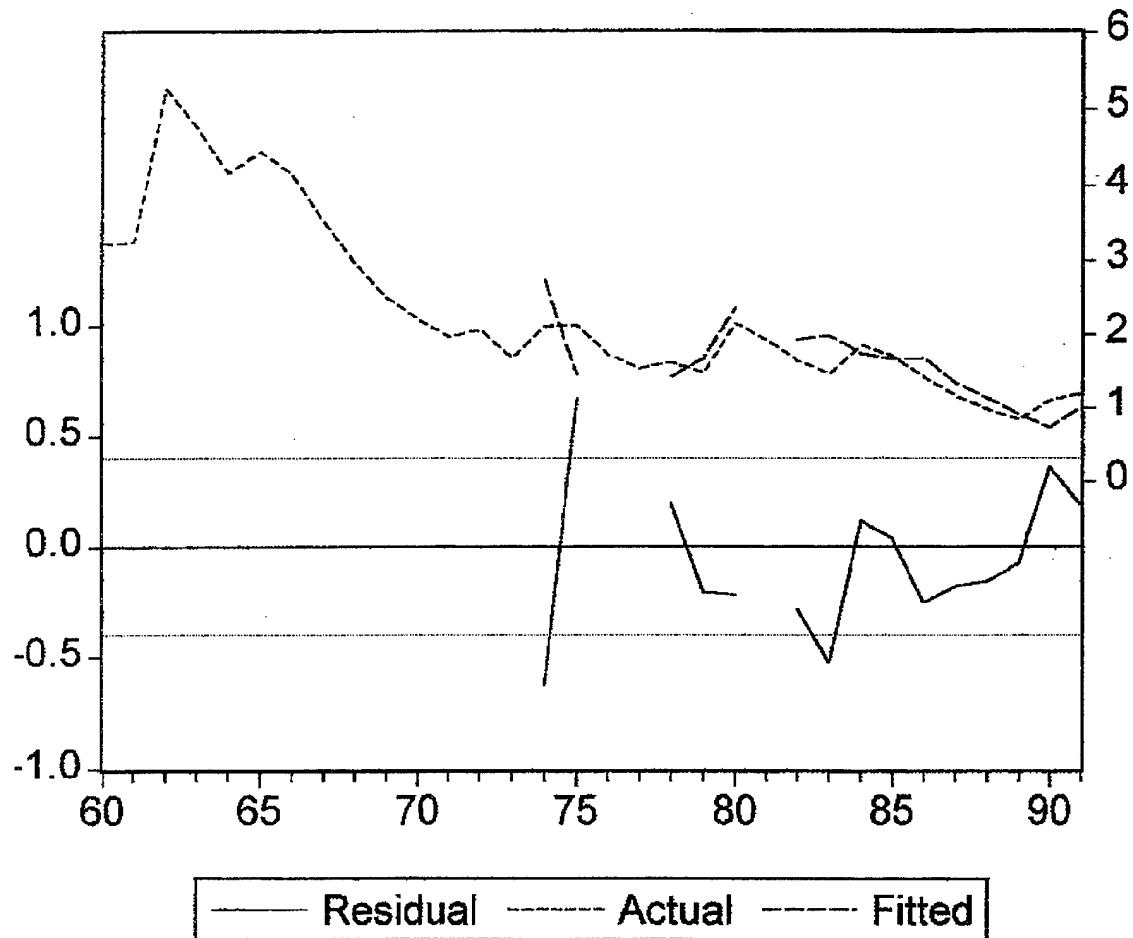


Table 5. Correlation Matrix of Independent Variables

	Foreign Focus	Economic Outlook	Active Part in World Affairs	Troubled Year	International Tension	War
Foreign Focus	1.0000	0.8706	0.6984	-0.0970	0.2557	0.8287
Economic Outlook	0.8706	1.0000	0.5894	-0.2989	-0.0154	0.4922
Active Part in World Affairs	0.6984	0.5894	1.0000	0.2941	0.5031	0.6960
Troubled Year	-0.0970	-0.2989	0.2941	1.0000	0.4599	0.2735
International Tension	0.2557	-0.0154	0.5031	0.4599	1.0000	0.6066
War	0.8287	0.4922	0.6960	0.2735	0.6066	1.0000

LIST OF REFERENCES

Aldrich, John H., John L. Sullivan, and Eugene Borgida, "Foreign Affairs and Issue Voting: Do Presidential Candidates 'Waltz Before a Blind Audience?'" American Political Science Review 83, no. 1 (March 1989), p. 123-141.

Bartels, Larry M., "Constituency Opinion and Congressional Policy Making: The Reagan Defense Buildup," American Political Science Review 85, no. 2 (June 1991), p. 457-474.

Benson, Robert and Harold Wolman, ed., Counter Budget (New York: Praeger, 1971).

Cnudde, Charles F. and Donald J. McCrone, "The Linkage between Constituency Attitudes and Congressional Voting Behavior: A Causal Model," American Political Science Review 60, no. 1 (March 1966), p. 66-72.

Congressional Budget Office, A C.B.O. Study: Enhancing U.S. Security through Foreign Aid (Washington, D.C.: C.B.O., April 1994).

Erikson, Robert S., "Constituency Opinion and Congressional Behavior: A Reexamination of the Miller-Stokes Representation Data," American Journal of Political Science 22, no. 3 (August 1978), p. 511-535.

Gallup, George, Jr., The Gallup Poll, Annual Series (Wilmington, Del: Scholarly Resources, 1979-1995).

Gallup, George, Jr., The Gallup Poll 1935-1971 (Wilmington, Del: Scholarly Resources, 1972).

Gallup, George, Jr., The Gallup Poll 1972-1977 (Wilmington, Del: Scholarly Resources, 1978).

Gallup, George, Jr., The Gallup Poll Monthly nos. 1-352 (1965-1994).

Hartley, Thomas and Bruce Russett, "Public Opinion and the Common Defense: Who Governs Military Spending in the United States?" American Political Science Review 86, no. 4 (December 1992), p. 905-915.

Hinckley, Ronald H., People, Polls, and Policymakers: American Public Opinion and National Security (New York: Lexington Books, 1992).

Kamlet, Mark S. and David C. Mowery, "Influences on Executive and Congressional Budgetary Priorities, 1955-1981," American Political Science Review 81, no. 1 (March 1987), p. 156-178.

Lynch, Thomas D., Public Budgeting in America, Third Ed. (Englewood Cliffs, NJ: Prentice Hall, 1990).

Lynn-Jones, Sean M., "Democratizing U.S. Defense Policy," paper presented at the 1990 Annual Meeting of the American Political Science Association, August 30 through September 2. 1990.

McGowan, Pat and Charles W. Kegley, Jr., eds., Threats, Weapons, and Foreign Policy (Beverly Hills, Calif: Sage Publications, 1980).

Miller, Warren E. and Donald E. Stokes, "Constituency Influences in Congress," American Political Science Review 57, no. 1 (March 1963), p. 45-61.

Ostrom, Charles W. Jr. and Robin F. Marra, "U.S. Defense Spending and the Soviet Estimate," American Political Science Review 80, no. 3. (September 1986), 821-842.

Page, Benjamin I. and Robert Y. Shapiro, "Effects of Public Opinion on Policy," American Political Science Review 77, no. 1 (March 1983), p. 175-190.

Russett, Bruce M., Controlling the Sword: The Democratic Governance of National Security (Cambridge, Mass.: Harvard University Press, 1990).

Smith, Tom W., "The Polls: America's Most Important Problems; Part I: National and International," Public Opinion Quarterly 49, no. 1 (Spring 1985): p. 264-274.

Su, Tsai-Tsu, Mark S. Kamlet, and David C. Mowery, "Modeling U.S. Budgetary and Fiscal Policy Outcomes: A Disaggregated, Systemwide Perspective," American Journal of Political Science, 37, no. 1 (February 1993), p. 213-245.

U.S. Department of Commerce, Handbook of Cyclical Indicators (1984).

U.S. Department of Commerce, Survey of Current Business (1980-1994).

Wildavsky, Aaron, The Politics of the Budgetary Process revised 4th ed. (Boston: Little, Brown, 1984).

INITIAL DISTRIBUTION LIST

	No. Copies
1. Defense Technical Information Center	2
Cameron Station	
Alexandria, Virginia 22304-6145	
2. Library, Code 52	2
Naval Postgraduate School	
Monterey, California 93943-5002	
3. Professor Frank M. Teti	1
Code (NS/TT)	
Naval Postgraduate School	
Monterey, California 93943-5002	
4. Professor Paul N. Stockton	1
Code (NS/SC)	
Naval Postgraduate School	
Monterey, California 93943-5002	
5. Professor Dana P. Eyre	1
Code (NS/EY)	
Naval Postgraduate School	
Monterey, California 93943-5002	
6. Professor Maria Moyano	1
Code (NS/MM)	
Naval Postgraduate School	
Monterey, California 93943-5002	
7. LT Deborah O. Teske, USN	1
U.S. DEL/IMS	
PSC 80 Box 35	
APO AE 09724	